AR03

Dominion Bridge Company, Limited
Annual Report

1973

Contents

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Manager Advertising and Public Relations

Dominion Bridge Company, Limited
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Dominion Bridge Company, Limited
and Subsidiary Companies

Financial Highlights

	1973	1972
Sales	**$278,374,000**	$236,570,000
Net Earnings	**$ 12,304,000**	$ 13,554,000
Net Earnings per share		
— before Extraordinary items	**$ 4.68**	$ 2.91
— after Extraordinary items	**$ 4.68**	$ 5.19
Cash flow per share	**$ 7.41**	$ 6.81
Dividends per share	**$ 1.50**	$ 1.35
Book value per share	**$42.11**	$39.16
Shareholders' equity	**$111,514,000**	$102,650,000
Long term debt	**$ 22,014,000**	$ 10,189,000

The Annual General Meeting of Shareholders will be held in the Auditorium of The Royal Bank of Canada, Place Ville Marie, Montreal on Friday, April 5, 1974, at 11:30 a.m.

To the Shareholders of Dominion Bridge Company, Limited

The Board of Directors submits herewith the Report of the Company and its subsidiaries, together with the Consolidated Balance Sheet and related financial statements for the year ended December 31, 1973 and the report of the auditors.

Summary of Results
The 1973 fiscal year resulted in the highest sales in our history and record earnings from operations, continuing the upward trend of the past five years.

Sales were $278,374,000 compared to $236,570,000 reported last year, an increase of 18 per cent.

Earnings from operations were $12,304,000, equivalent to $4.68 per share, up sharply from the $7,606,000 or $2.91 per share reported last year before the inclusion in the 1972 results of the extraordinary item of $5,948,000 or $2.28 per share. The shareholders' equity is now $111,514,000, equivalent to $42.11 per share and the cash flow remained strong at $7.41 per share.

Canadian operations were much improved over 1972 and the earnings were up markedly. During the year, the non-domestic operations attained new sales and profit records which included the results for the last six months of 1973 of the acquisitions made during the year. Bookings of new work in Canada and the United States in 1973 exceeded any previous year by a wide margin. The dollar backlog of work on hand of $240,000,000 compares with $128,000,000 a year ago.

During the year, dividends of $3,958,000 were paid at the rate of 25¢ per share for the first and second quarters and 35¢ per share for the third and fourth. A year-end extra of 30¢ per share was paid making a total dividend of $1.50 per share for the year.

Operations
The markets for our products and services in both Canada and the United States continued the upward trend which began in the last quarter of 1972, with resulting increases in bookings and plant activity levels throughout 1973. During the latter half of the year, plant utilization was limited by world-wide shortages in the supply of steel and a tightening of the availability of trained personnel. In spite of these problems we were able to satisfy most of our customers' requirements during the year. In the last quarter of 1973 it became increasingly evident that prices of steel on the world market would continue to rise substantially and that deliveries of materials would become further extended in 1974.

In Canada, because of the rapid build-up of activity in the construction industry, most of our fabricating plants were busy and the Manitoba Rolling Mills Division and the Steel Service Centre Division operated at record levels. In the United States, the metal-building business of the Varco-Pruden Division continued to have a strong growth trend and the new acquisitions, Clyde Iron Works and Wiley Manufacturing, were also experiencing active markets for their products. In the Bahamas, business conditions improved during the second half of the year for the Span Group of companies. Elsewhere in this report there is more detailed comment on the various divisions which now make up our total corporate structure.

During 1973 four major capital projects were started in Canada — the largest being the expansion and replacement of the rolling facilities at the Manitoba Rolling Mills Division, in Selkirk, at an estimated cost of $28.5 million. The Department of Regional Economic Expansion is providing a development incentive of approximately $2,850,000 for this project. In addition, the Company is proceeding with a new structural shop at Robb Engineering, Amherst, Nova Scotia, a new steel joist production plant at Winnipeg, and a new manufacturing facility for the National Products Limited in Winnipeg.

The Company's wholly-owned United States subsidiary, Dombrico Inc., changed its name to AMCA International Corporation as of January 1, 1974. This new name reflects the joint American-Canadian aspect of our operations in the United States and should be beneficial in the future.

During the year, AMCA International purchased three businesses, namely Clyde Iron Works, Wiley Manufacturing Company, and Priggen Metal Buildings. The Priggen plant will serve the New England area for the Varco-Pruden Division. As a result of the acquisition of Clyde Iron Works and Wiley Manufacturing, the Equipment Systems Division was formed.

It was decided late in 1973 to have the Equipment Systems Division also manage the operations of the Provincial Crane Division of Dominion Bridge Company in order to provide useful co-operation of effort between similar businesses.

With the continued growth in the Varco-Pruden Division and the new acquisitions of Clyde Iron and Wiley Manufacturing, AMCA International Corporation is contributing an increasing proportion of the

total sales volume and earnings of the Company.

Engineering and Research
With the development of engineering knowledge, the technical requirements for the design, manufacture, and quality assurance of our many product lines demand an increasing reliance on engineering and research as important components of our business.

The Company maintains staffs of specialized engineers, technicians and research workers who devote their efforts to product design, fabrication and construction procedures, and the development of new products and processes, all aimed at improving the quality and economy of our products, and extending our markets.

Reliance on computer technology as a means of extending the Company's engineering output has continued in various centres. Computer programs are available for ready use at both corporate and branch engineering offices and are applied regularly to stress analysis and other engineering problems. The metal-building business carried out by the Varco-Pruden Division of AMCA International is based on the use of computers in day-to-day production.

During the past year the corporate laboratory was moved into a new building on our Lachine property, and is now known as the "Research and Development Centre," reflecting the importance attached to this activity in our business. This facility is well equipped to carry out research and development work related to strength of materials, welding, metallurgy, corrosion protection and manufacturing processes. It can be employed in various fields of research and development work by the use of techniques ranging from advanced laboratory investigations to shop simulations.

The Company has been engaged in various types of quality assurance activities for many years and with the increase in sophisticated products, this discipline has been recognized as an important aspect of the Company's management philosophy. Planning for product quality, as opposed to product inspection alone, not only increases the value of our products to our customers but can also reduce production costs.

Employee Relations
Negotiations leading to new labour agreements were concluded at ten of the plants during 1973. Most of these contracts were for periods of two or three years. Only two plants will be negotiating new agreements in 1974.

Several new agreements were completed in the construction industry in 1973 and, during 1974, construction industry negotiations affecting our field forces will be taking place in British Columbia, Saskatchewan and Newfoundland.

The shortage of skilled personnel was evident at all our locations and extensive training and recruiting programs begun in 1973 will be continued in 1974.

To ensure that the Pension Plan is in keeping with changing conditions, significant improvements were made to the Plan for the fourth time since its inception. In addition, pensions of all pensioners who had retired prior to 1972 were increased to compensate, in part, for rising living costs due to inflation.

At the year-end, the total number of employees was 8,122 and of these 1,047 have been employees for 25 years or more.

Company Organization
During the year the following appointments were made:
R. E. Chamberlain as Group Vice-President on August 1, 1973
A. B. Bjornsson as Vice-President, Engineering on August 1, 1973
D. K. Marquis as Vice-President, Finance on November 27, 1973
R. A. Reid, formerly Vice-President, Manufacturing, joined AMCA International in August as Vice-President, Manufacturing
F. W. Wolthausen, formerly Treasurer of the Company, resigned from this position effective December 31, 1973 to become Vice-President and Treasurer of AMCA International.

Board of Directors
It is with deep regret that the Board of Directors records the death of Mr. R. E. Powell on November 9, 1973. Mr. Powell was a Director of the Company for 14 years from 1953 to 1967. At the time of his death he was an Honorary Director. He contributed greatly to the deliberations of the Board and was ever willing to be of assistance to the Management of the Company during his many years of service.

R. E. Chamberlain was appointed a Director in January 1973 and J. Macnamara was elected a Director at the Annual General Meeting in April 1973.

The Board held ten meetings during the year and the Executive Committee of the Board held twelve meetings.

The Directors wish to thank all the employees of the Company for their dedicated service and continued efforts towards the results of the Company.

By Order of the Board of Directors

Mackenzie McMurray

Chairman and President.

Dominion Bridge Company, Limited
and Subsidiary Companies

Consolidated Statement of Earnings
For the year ended December 31, 1973

	1973	1972
Sales	$278,374,000	$236,570,000
Earnings from operations before the undernoted items	$ 25,251,000	$ 14,598,000
Depreciation	4,579,000	3,948,000
Interest on long term debt	753,000	669,000
	5,332,000	4,617,000
Earnings from operations	19,919,000	9,981,000
Revenue from investments	1,701,000	345,000
Profit (loss) on disposal of fixed assets and marketable securities	(205,000)	1,320,000
Profit on debentures purchased for sinking fund	167,000	33,000
Earnings before income taxes and minority interest	21,582,000	11,679,000
Income taxes	8,553,000	4,100,000
Earnings before minority interest	13,029,000	7,579,000
Minority interest	725,000	(27,000)
Earnings for the year before extraordinary item	12,304,000	7,606,000
Extraordinary item		
Profit on sale of minority interest in subsidiary company	—	5,948,000
Earnings for the year	$ 12,304,000	$ 13,554,000
Earnings per share before extraordinary item	$4.68	$2.91
Earnings per share	$4.68	$5.19

Consolidated Statement of Retained Earnings
For the year ended December 31, 1973

	1973	1972
Balance at beginning of year	$ 81,925,000	$ 71,905,000
Earnings for the year	12,304,000	13,554,000
	94,229,000	85,459,000
Dividends	3,958,000	3,534,000
Balance at end of year	$ 90,271,000	$ 81,925,000

Dominion Bridge Company, Limited
and Subsidiary Companies

Consolidated Statement of Source and Application of Funds
For the year ended December 31, 1973

	1973	1972
Source of Funds		
Earnings for the year	$ 12,304,000	$ 13,554,000
Non-cash charges deducted in arriving at earnings		
Depreciation	4,579,000	3,948,000
Deferred income taxes (non-current portion)	1,861,000	324,000
Minority interest	725,000	(27,000)
Funds derived from operations	19,469,000	17,799,000
Long term notes payable	13,066,000	—
Sale of common shares	518,000	175,000
Increase in minority interest	—	1,964,000
Mortgage receivable	—	497,000
	33,053,000	20,435,000
Application of Funds		
Additions to fixed assets less depreciated value of assets sold	13,961,000	2,675,000
Dividends for the year	3,958,000	3,534,000
Additions to investments	2,879,000	1,268,000
6½% sinking fund debentures purchased	1,241,000	253,000
Goodwill acquired, less amounts amortized	783,000	—
	22,822,000	7,730,000
Increase in working capital	10,231,000	12,705,000
Working capital at beginning of year	69,485,000	56,780,000
Working capital at end of year	$ 79,716,000	$ 69,485,000

Dominion Bridge Company, Limited
and Subsidiary Companies

Consolidated Balance Sheet
As at December 31, 1973

Assets

	1973	1972
Current Assets		
Cash	$ 2,317,000	$ 859,000
Short-term investments	16,500,000	23,810,000
Accounts and notes receivable	58,424,000	46,493,000
Income taxes recoverable (Note 2)	1,317,000	—
Inventories (Note 3)	55,473,000	40,525,000
Prepaid expenses	2,048,000	1,200,000
	136,079,000	112,887,000
Investments (Note 4)	13,979,000	11,100,000
Fixed Assets (Note 5)	51,039,000	41,657,000
Goodwill (Note 1)	783,000	—
	$201,880,000	$165,644,000

Signed on behalf of the Board:

MacKenzie McMurray, Director
J. Angus Ogilvy, Director

Liabilities

		1973	1972
Current Liabilities			
Bank indebtedness		$ 7,777,000	$ 6,338,000
Accounts payable		38,373,000	27,632,000
Income taxes payable		—	1,574,000
Current Liabilities excluding current portion of deferred income taxes		46,150,000	35,544,000
Current portion of deferred income taxes (Note 2)		10,213,000	7,858,000
Current Liabilities including current portion of deferred income taxes		56,363,000	43,402,000
Long term Debt (Note 6)			
6½% sinking fund debentures — Series A due 1986 less debentures purchased for sinking fund		8,948,000	10,189,000
Notes payable — bank U.S.	$12,000,000		
— other U.S.	1,066,000	13,066,000	—
		22,014,000	10,189,000
Deferred Income Taxes (Note 2)		8,678,000	6,817,000
Minority Interest in Subsidiary Companies		3,311,000	2,586,000

Shareholders' Equity

	1973	1972
Capital Stock (Note 7)		
Authorized		
4,000,000 shares of no par value		
Issued		
2,648,101 shares (1972 — 2,621,401)	17,203,000	16,685,000
General Reserve	4,040,000	4,040,000
Retained Earnings	90,271,000	81,925,000
	111,514,000	102,650,000
	$201,880,000	$165,644,000

Auditors' Report

To the Shareholders, Dominion Bridge Company, Limited

We have examined the consolidated balance sheet of Dominion Bridge Company, Limited and its subsidiary companies as at December 31, 1973 and the consolidated statements of earnings, retained earnings and source and application of funds for the year then ended. Our examination of the financial statements of Dominion Bridge Company, Limited and those subsidiaries of which we are the auditors, included a general review of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the report of the auditors who have examined the financial statements of a subsidiary.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1973 and the results of their operations and source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

RIDDELL, STEAD & CO.

Montreal, Que.
February 1, 1974

Notes to Consolidated Financial Statements

For the year ended December 31, 1973

1. Principles of consolidation and significant accounting principles

It is the company's policy to consolidate all wholly owned companies and other significant companies where more than fifty per cent of the equity and voting shares are owned. Each of the companies has a fiscal year ending on December 31.

Current assets and current liabilities in foreign currencies have been converted at the rate of exchange prevailing at the end of the year; fixed assets and long term liabilities of foreign subsidiaries have been converted at rates in effect at the date of acquisition or when the liability was incurred.

Sales and profits relating to Canadian construction contracts are reported in the statement of earnings when the contracts are completed. The company's foreign subsidiaries record sales and profits on contracts on a percentage of completion basis.

The net tangible assets of businesses purchased are recorded at their fair market value at date of acquisition. The excess of purchase price over the fair market value of these tangible assets represents the value of the business operations acquired and is shown on the balance sheet as goodwill. This excess will be amortized over a period not to exceed forty years.

2. Income taxes

As previously reported, assessments have been issued by Canadian taxation authorities for the years 1967 up to and including 1969, totalling approximately $1,800,000 exclusive of interest. These assessments relate to the operations of subsidiaries resident in the Bahamas and, in the opinion of legal and tax counsel, are invalid. The company is contesting the assessments and consequently has not made any provision for additional taxes payable in the accompanying statements. To date the company has not received assessments relating to the above noted operations subsequent to the 1969 taxation year.

The company and its subsidiaries provide deferred income taxes to record the income tax effect of timing differences in reporting transactions for financial as distinct from income tax purposes. The current portion of deferred income taxes ($10,213,000) arises from the reporting for tax purposes of income and expenses for construction contracts on a progress basis and deferred income taxes ($8,678,000) primarily from claiming capital cost allowances in excess of depreciation recorded in the accounts.

3. Inventories — at the lower of net realizable value or cost

	1973	1972
	(000)	(000)
Expenditures on uncompleted contracts	$95,489	$66,197
Less: Billings on account	77,577	53,734
	17,912	12,463
Steel and supplies — cost calculated on the first in first out basis	37,561	28,062
	$55,473	$40,525

4. Investments

	1973	1972
	(000)	(000)
Marketable securities at cost (quoted market value 1973 — $11,744,000 1972 — $10,907,000)	$13,211	$10,853
Other securities	768	247
	$13,979	$11,100

5. Fixed assets

	Cost	Accumulated Depreciation	1973 Net	1972 Net
	(000)	(000)	(000)	(000)
Land	$ 4,136	$ —	$ 4,136	$ 3,281
Buildings	30,044	14,312	15,732	13,750
Machinery and equipment	69,211	38,040	31,171	24,626
	$103,391	$52,352	$51,039	$41,657

Depreciation of facilities is provided at rates which are designed to write off the assets over their estimated useful lives on a straight line basis and generally is charged to operations based on activity.

6. Long term debt

The Series A debentures are secured by a floating charge on all assets of the company and its restricted subsidiaries. The trust deed requires the company to provide a sinking fund sufficient to retire $500,000 principal amount in each of the years 1971 to 1985 inclusive. To December 31, 1973 $1,500,000 of Series A debentures had been retired and an additional $1,552,000 purchased for sinking fund purposes.

The trust deed stipulates that cash dividends may be declared and paid only to the extent that consolidated earnings of the company and its restricted subsidiaries retained in the business exceed $43,946,000 provided that consolidated net current assets (as defined) shall not be reduced below $25,000,000. At December 31, consolidated earnings as defined, and net current assets as defined substantially exceed these amounts.

The notes payable to a bank are liabilities of a wholly owned subsidiary company which is defined as an unrestricted subsidiary under the provisions of the Series A debentures trust deed. They bear interest at a rate of ¾ of 1% above the prime bank rate and are due in annual installments from 1975 to 1984. The loan agreement permits prepayment and provides that the loan is secured by a mortgage on that subsidiary's fixed assets and under certain conditions on its accounts receivable. The loan agreement contains provisions governing the payment of dividends by the subsidiary and creation of additional long-term borrowings.

Notes payable — other, arise from acquisition of certain assets and bear interest at varying rates not exceeding 8⅜% per annum. The notes are payable in annual installments and mature in 1978.

Repayment of these long-term obligations required over the next five years is as follows:

	1974	1975	1976	1977	1978
	(000)	(000)	(000)	(000)	(000)
Series A Debentures	$ —	$ —	$ —	$ 448	$ 500
Notes payable					
— bank	—	1,000	1,000	1,000	1,000
— other	261	261	261	261	283
	$ 261	$1,261	$1,261	$1,709	$1,783

7. Capital stock

The company has reserved 100,000 shares of capital stock under its option plan for certain key employees. Options which expire in September 1979 have been granted under the plan to acquire 19,000 shares at $31.50 per share and 57,000 shares at $12.60 per share, of which 34,000 were granted to officers, some of whom are also Directors. To December 31, 1973 options for a total of 63,100 shares have been exercised, of which 26,700 were taken up in 1973.

8. Commitments

The estimated unfunded liability as at December 31, 1973 under Employees Contributory Pension Plans amount to $4,079,000. This liability is being amortized by equal monthly charges to operations and will be liquidated by 1991.

The company has approved expenditures of approximately $25 million to be made in 1974 and subsequent years on an expansion programme.

9. Statutory information

	1973	1972
Number of directors	15	14
Number of honorary directors	5	6
Directors' remuneration	$118,000	$ 58,000
Number of officers	9	8
Officers' remuneration	$470,000	$374,000
Number of officers who are also directors	5	4

Dominion Bridge Company, Limited
and Subsidiary Companies

Ten-Year Comparative Statistics
(Thousands of dollars excepting per share and non-monetary data)

	1964	1965	1966	1967	1968	1969	1970	1971 Restated	1972	1973
Sales	$111,195	$128,035	$151,886	$171,827	$154,194	$167,954	$196,497	$234,900	$236,570	**$278,374**
Income Taxes	151	2,250	4,010	3,320	2,342	2,768	5,486	3,986	4,100	**8,553**
Earnings for the Year	4,553	7,038	6,361	3,902	3,629	4,811	6,716	6,241	13,554	**12,304**
Dividends	1,293	1,810	2,327	2,585	2,197	2,068	2,585	2,604	3,534	**3,958**
Shareholders' Equity	68,976	78,244	82,437	80,349	81,781	84,525	88,554	92,455	102,650	**111,514**
Earnings per Share — before Extraordinary items	1.76	2.72	2.46	1.51	1.40	1.60	2.18	2.40	2.91	**4.68**
— after Extraordinary items	1.76	2.72	2.46	1.51	1.40	1.86	2.60	2.40	5.19	**4.68**
Cash Flow per Share	2.52	3.85	4.03	3.50	2.65	3.01	4.08	7.67	6.81	**7.41**
Dividends per Share	0.50	0.70	0.90	1.00	0.85	0.80	1.00	1.00	1.35	**1.50**
Book Value per Share	26.68	30.27	31.89	31.08	31.64	32.70	34.24	35.46	39.16	**42.11**
Working Capital	37,998	44,980	56,673	50,085	51,193	58,217	57,284	56,780*	69,485	**79,716**
Long Term Debt	5,380	6,455	20,603	14,149	12,404	10,997	10,697	10,442	10,189	**22,014**
Depreciation	2,076	2,298	2,399	2,595	3,267	3,396	3,789	4,345	3,948	**4,579**
Additions to Fixed Assets	2,070	5,527	10,368	6,535	2,840	3,360	3,842	7,360	3,493	**14,115**
Number of Shareholders (at end of fiscal period)	6,532	6,161	6,159	6,088	6,084	6,042	5,884	4,555	3,854	**3,607**
Number of Employees (at end of fiscal period)	7,008	7,919	9,012	7,617	7,611	7,280	6,759	7,256	7,152	**8,122**

Notes:

Data for 1967 and subsequent years is based on tax allocation method of determining income tax provision. Prior to 1970, fiscal years ended on October 31st.

1971 includes cash flow of $3.82 per share arising from change in method of calculating taxable income.

*Restated to record as current liabilities deferred income taxes which relate to current assets.

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1. CONTAINER CRANES
One of three cargo handling container cranes made in 1973 to designs available to Dominion Bridge through a licensing agreement with Paceco of California, a division of Fruehauf Corp.

2. BRIDGE CRANES
Pouring steel into ingot mould at the Algoma Steel plant. The ladle crane, of which there are three, was made by the Provincial Crane Division. It has a capacity of 350 tons and is the largest mill crane of its kind in Canada.

3. FURNACES FOR IRON AND STEEL PRODUCTION
Charging one of two basic oxygen furnaces at the Algoma Steel Corporation. The furnaces were made by Dominion Bridge to designs provided under an agreement with Pennsylvania Engineering Corporation in the United States. Similar agreements with other companies permit Dominion Bridge to build electric furnaces, blast furnaces and other major components.

OPERATIONS IN CANADA

Industrial Products

The demand for industrial products is expected to have an above average rate of growth, particularly in equipment for energy generation, industrial waste heat recovery and municipal refuse incineration.

The Company is a leading manufacturer of heavy components for CANDU nuclear power generating installations. The reliable performance of Ontario Hydro's Pickering power station has demonstrated the merits of the CANDU system, which will supply a growing percentage of Canadian electrical energy needs in the future.

Municipal refuse incineration systems, built by Dominion Bridge under license from Von Roll A. G. of Zurich, are attracting considerable interest. These units operate with minimum atmospheric pollution and produce steam for power generation or process use.

Other major products in this group are:

1) boilers for waste heat recovery in metallurgical processes,
2) handling equipment for coal and bulk materials,
3) container cranes for shipping,
4) penstocks, hydraulic regulating gates and turbine components,
5) furnaces for iron and steel production,
6) large pressure vessels and heavy weldments.

A number of these products are built in the Company's plants in Vancouver, Calgary, Winnipeg, Toronto and Niagara Falls. However, the main activity is concentrated in Montreal.

Steel Production and Distribution

There was a strong demand for steel throughout the world in 1973. Manitoba Rolling Mills, the Company's bar mill located in Selkirk, Manitoba, produced to the limit of its capacity. During the year a decision was made to install a new bar and light section mill at an estimated cost of $28.5 million to

replace the two small mills built sixty years ago. This new facility will enable the Company to remain competitive and have sufficient capacity to meet the growing demands of its market area. It is expected to be in operation in mid-1975 and, in the interval, the existing mills will continue to be in production.

The sale of steel through the fourteen Dominion Bridge Steel Service Centres reached record levels. Demand exceeded supply and shortages are expected to continue throughout 1974.

Construction

Dominion Bridge construction services are utilized by many Canadian industries including mining, pulp and paper, oil and gas, electric power, manufacturing, transportation and communications. The classes of work for which the Company's construction planning and management skills are particularly adapted are the assembly and mechanical installation of plant and equipment, the erection of structural components, lifting and moving heavy loads, and repair and maintenance work.

In 1973, the Company successfully undertook the major responsibility for complete equipment installation and operational testing of a multi-million dollar copper concentrator in Manitoba. Another major achievement during the year was the assembly of six 7500 ton per hour ore handling machines manufactured in Europe and shipped to Canada in component form.

The Company's Buildings Division specializes in the business of construction planning and management, including services from the design stage through to the construction of industrial buildings.

Steel Fabrication

This segment of the Company's overall business contributes a significant dollar volume to the total sales. Although demand for fabricated steel for buildings,

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1. POWER GENERATION AND DISTRIBUTION

This calandria shell is one of four made for Ontario Hydro's Bruce nuclear power generating station. Other contracts for the same project include design and construction of coolant feeder pipes and components for fueling machines.

2. VESSELS AND WELDMENTS

This vessel for the oil industry is typical of many large plate fabrications that have been executed by the Company in its plants across Canada. Specifications, particularly in the area of welding, are becoming more and more demanding and the Company maintains a research and development centre in Montreal to resolve problems and establish production procedures.

3. MOISIE RIVER BRIDGE

A new crossing of the river just east of Sept-Iles, Quebec. The 1360 ft. bridge was fabricated in the Montreal plant. It is one of several bridges built throughout the country during the year.

bridges and other structures is subject to cyclical fluctuations, 1973 was a boom year in the cycle and activity increased at all eleven of the Company's plants that produce fabricated steel as part of their product mix. 1974 promises to be another year of active demand although steel supply constraints and skilled labour shortages may limit activity to some extent.

The steel industry marketing programs have been successful in recent years in increasing penetration of construction markets.

The demand for open-web steel joists has been growing rapidly and an expansion of the Company's automated joist production facility in Winnipeg is under way and will be completed in 1974.

OPERATIONS OUTSIDE CANADA

AMCA International Corporation

AMCA International Corporation (formerly Dombrico Inc.), with its corporate office in Hanover, New Hampshire, U.S.A. has produced an impressive sales growth in the short space of three years.

Its initial acquisition in 1971 was the Varco-Pruden Division which manufactures and distributes metal buildings throughout the United States and by means of licensing agreements with Span International Limited has had substantial export sales throughout the world. In 1973, the operations of the newly acquired Priggen Metal Buildings in Holbrook, Massachusetts were added to this Division.

In mid-1973, the Clyde Iron Works of Duluth, Minnesota and the Wiley Manufacturing Company of Port Deposit, Maryland were purchased. Clyde Iron is a world-renowned builder of "Whirley" cranes and other heavy construction and materials handling equipment. Wiley Manufacturing is a steel fabricator specializing in heavy marine products, such as barges and tug boats. They have also produced several steel tunnel liner tubes. These two companies, along with the oper-

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1. DESIGN/BUILD CONSTRUCTION
Pellon Chemotextiles Ltd. provided the land in Cornwall, Ontario and the Buildings Division of Dominion Bridge was responsible for the architectural and engineering design and the construction of the plant to meet the customer's specific requirements.

2. STRUCTURAL STEEL
Seventeen floor steel frame for the Alberta Government Telephone building in downtown Calgary. It will house heavy telephone equipment.

3. CONSTRUCTION SERVICES
Part of a complete concentrator plant built by Dominion Bridge in Manitoba. The project was an example of the Company's ability to plan and build large industrial complexes from ground breaking to full production state.

4. "WHIRLEY" CRANE
Currently the largest operational floating, revolving crane in the world, this Clyde "Whirley" is being used for offshore erection of oil producing facilities. It has a fully revolving capacity of 1200 tons and an over the stern capability of 1600 tons.

5. TUNNEL LINER TUBE
One of twenty-one fabricated steel tubes built by Wiley for construction of an underwater vehicular tunnel in Norfolk, Va.

ations of Provincial Crane, now form the Equipment Systems Division. Provincial Crane is the largest manufacturer in Canada of overhead travelling cranes for industrial and steel mill applications.

Span Holdings Limited

Span Holdings Limited, with its Head Office in Nassau, Bahamas, operates as a financial investment company in the international field and is the majority shareholder in Span International Limited; the minority interest being held by a well known international banking consortium which includes The Royal Bank of Canada International and The National Westminster Bank of London.

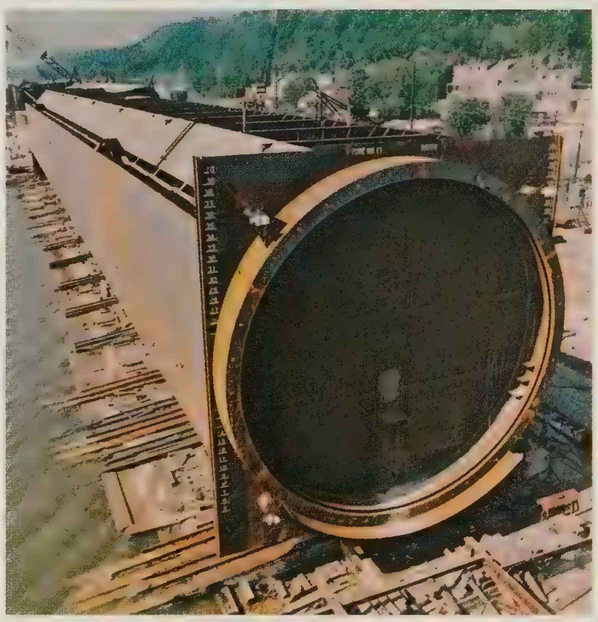
Span International Limited, in addition to its investment in marketable securities, through its well established relations with European and Japanese steel mills, purchases raw steel products for the North American and Caribbean markets. Span's subsidiary company in Brussels, Belgium, plays a significant role in the inspection, expediting and shipping of the products purchased.

In 1972, Span International Limited purchased the right to sell Varco-Pruden Metal Building Systems throughout the world, exclusive of continental North America and Hawaii. In its first full year of operation in this field Span has been successful in developing sales and sales outlets in the Far East, Europe, Central Mediterranean and the Caribbean and is confident of the market's continued future growth.

Span's most recent diversification has been in real estate development and it is presently constructing, through its Bahamian subsidiary company, Cavalier Construction Company Limited, a deluxe condominium apartment development on Windermere Island, Eleuthera in the Bahamas.

In addition, Cavalier Construction continues to play a leading role in the construction and civil engineering field in the Bahamas.

4



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6. CONSTRUCTION IN THE BAHAMAS
Cavalier Construction Company Limited was responsible for site preparation, reinforced concrete foundations and sub-stations for this desulfurization facility.

7. VARCO-PRUDEN
PRE-FABRICATED METAL
BUILDINGS
This example was built in Grand Rapids, Michigan for Centurion Aviation. It is an airport facility including offices and hangar.

Dominion Bridge Company, Limited

Incorporated under the Companies Act of Canada, 30th July 1912
(As successor to a Company of the same name incorporated in 1882)

Directors

*John B. Barber, *Sault Ste. Marie, Ont.*
Vice-Chairman, Senior Vice-President and Director,
The Algoma Steel Corporation, Limited

K. S. Barclay, *Hanover, N.H., U.S.A.*
Chairman and Chief Executive Officer, AMCA International Corporation

Philippe de Gaspé Beaubien, *Montreal, Que.*
President, Télémédia (Québec) Limitée

R. E. Chamberlain, *Montreal, Que.*
Group Vice-President, Dominion Bridge Company, Limited

A. J. E. Child, *Calgary, Alta.*
President and Chief Executive Officer, Burns Foods Limited

R. J. A. Fricker, *Montreal, Que.*
Senior Vice-President, Dominion Bridge Company, Limited

*D. S. Holbrook, *Sault Ste. Marie, Ont.*
Chairman of the Board and President,
The Algoma Steel Corporation, Limited

W. S. Kirkpatrick, *Vancouver, B.C.*
Retired — Formerly Chairman of Cominco Ltd.

*Herbert H. Lank, *Montreal, Que.*
Director, Du Pont of Canada Limited

John Macnamara, *Sault Ste. Marie, Ont.*
Executive Vice-President, The Algoma Steel Corporation, Limited

Brian R. B. Magee, *Toronto, Ont.*
Chairman and Managing Director, A. E. LePage Limited

*MacKenzie McMurray, *Montreal, Que.*
Chairman of the Board and President,
Dominion Bridge Company, Limited

*J. Angus Ogilvy, Q.C., *Montreal, Que.*
Vice-President, Dominion Bridge Company, Limited
Partner: Ogilvy, Cope, Porteous, Hansard, Marler, Montgomery & Renault

I. H. Peck, *Montreal, Que.*
Retired — Formerly Chairman of the Board
Canadian International Paper Company

*W. J. Stenason, *Montreal, Que.*
Vice-President, Administration, Canadian Pacific Limited

Honorary Directors

Olivier Drouin, *Quebec, Que.*
Chairman of the Board, La Cie de Tabac Rock City Limitée

R. D. Harkness, *Kingston, Ont.*
Retired

Vernon E. Johnson, *Calumet, Que.*
Retired

The Hon. Lazarus Phillips, Q.C., *Montreal, Que.*
Partner: Phillips & Vineberg

R. E. Stavert, *Montreal, Que.*
Retired

**Member of the Executive Committee*

Dominion Bridge Company, Limited

Incorporated under the Companies Act of Canada, 30th July 1912
(As successor to a Company of the same name incorporated in 1882)

Officers

MacKenzie McMurray, *Chairman of the Board and President*
J. Angus Ogilvy, Q.C., *Vice-President*
R. J. A. Fricker, *Senior Vice-President*
K. S. Barclay, *Senior Vice-President*
R. E. Chamberlain, *Group Vice-President*
D. K. Marquis, *Vice-President, Finance*
R. A. C. Henry, *Secretary*
D. H. Smith, *Comptroller*
R. H. Howey, *Assistant Treasurer*

Head Office Staff

D. H. Cross, *Group Vice-President*
B. H. Lacey, *Group Vice-President*
C. C. Belden, *Vice-President, Employee Relations*
A. B. Bjornsson, *Vice-President, Engineering*
J. H. R. Gagnon, *Vice-President, Construction*
P. E. Savage, *Vice-President and Consulting Engineer*

Non-Domestic Subsidiary Company Officers

K. S. Barclay, *Chairman and Chief Executive Officer, AMCA International Corporation, U.S.A.*
J. Hatcher, *President, AMCA International Corporation, U.S.A.*
G. E. Lightbourn, *President, Span Holdings Limited, Bahamas*
F. H. Roland, *President, Varco-Pruden Division of AMCA International Corporation, U.S.A.*
M. J. Ucci, *President, Equipment Systems Division of AMCA International Corporation, U.S.A.*

Head Office

LACHINE (MONTREAL), QUE., CANADA

Domestic Plants and Offices

Amherst, N.S. • Halifax, N.S. • Montreal, Que. • Toronto, Ont.
Niagara Falls, Ont. • Sault Ste. Marie, Ont. • Winnipeg, Man.
Selkirk, Man. • Thompson, Man. • Regina, Sask. • Saskatoon, Sask.
Calgary, Alta. • Edmonton, Alta. • Vancouver, B.C.

Non-Domestic Subsidiary Company Plants and Offices

Hanover, N.H. • Memphis, Tenn. • Winston Salem, N.C.
Pine Bluff, Ark. • Evansville, Wisc. • Turlock, Calif.
Port Deposit, Md. • Duluth, Minn. • Holbrook, Mass. • Nassau, Bahamas

Subsidiary Companies

AMCA International Corporation, Wilmington, Delaware, U.S.A.
Span Holdings Limited, Nassau, Bahamas
Eastern Canada Steel & Iron Works Limited, Quebec, Que.
National Products Limited, Winnipeg, Man.

Transfer Agents

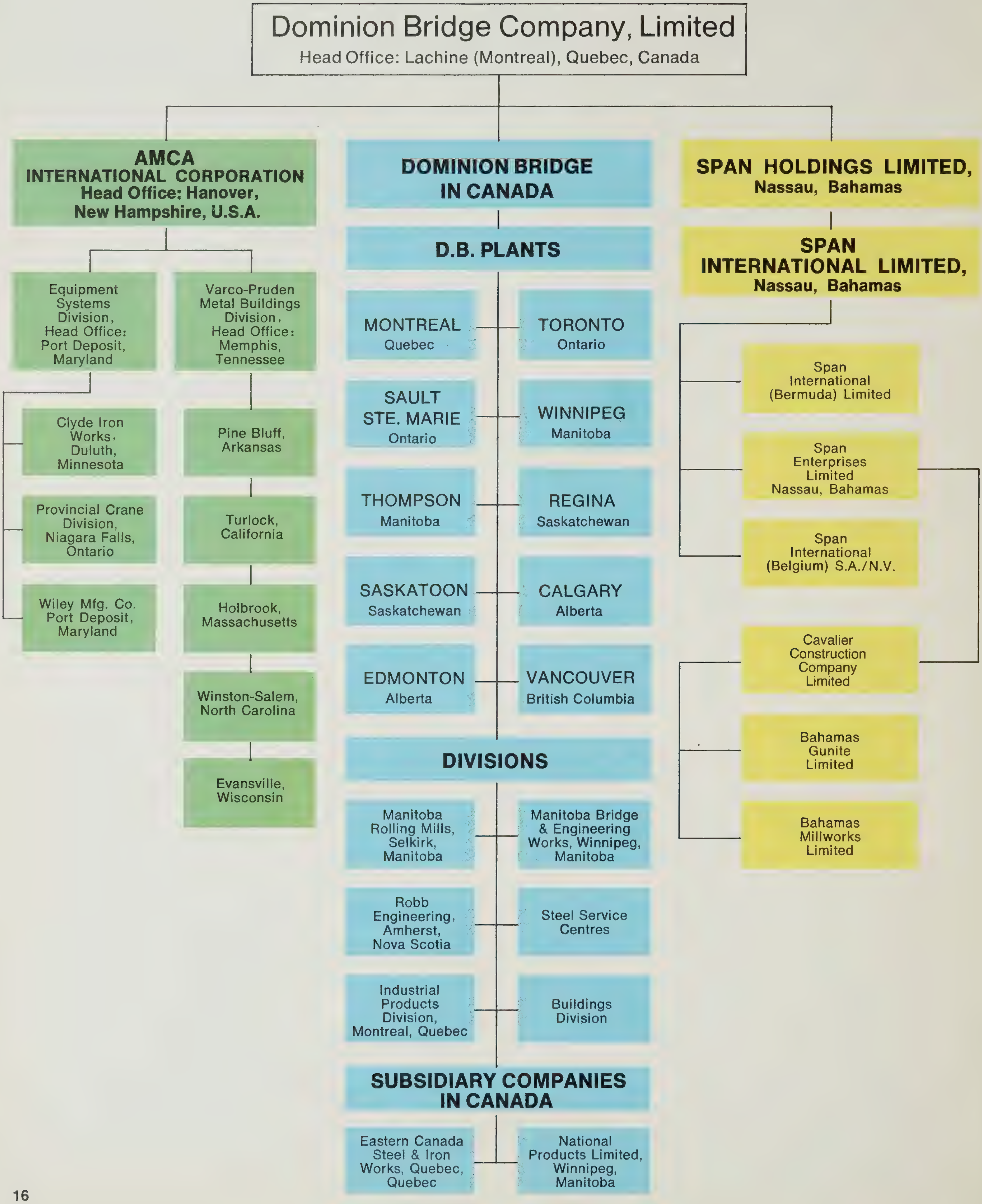
The Royal Trust Company
Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver

Registrars

Montreal Trust Company,
Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver

Bankers

The Royal Bank of Canada • Bank of Montreal
The Toronto-Dominion Bank • Wachovia Bank & Trust Company, N.A.
The Chase Manhattan Bank


Dominion Bridge Company, Limited
Head Office: Lachine (Montreal), Quebec, Canada
AMCA INTERNATIONAL CORPORATION Head Office: Hanover, New Hampshire, U.S.A.
Equipment Systems Division, Head Office: Port Deposit, Maryland
Varco-Pruden Metal Buildings Division, Head Office: Memphis, Tennessee
Clyde Iron Works, Duluth, Minnesota
Provincial Crane Division, Niagara Falls, Ontario
Wiley Mfg. Co. Port Deposit, Maryland
Pine Bluff, Arkansas
Turlock, California
Holbrook, Massachusetts
Winston-Salem, North Carolina
Evansville, Wisconsin
DOMINION BRIDGE IN CANADA
D.B. PLANTS
MONTREAL Quebec
TORONTO Ontario
SAULT STE. MARIE Ontario
WINNIPEG Manitoba
THOMPSON Manitoba
REGINA Saskatchewan
SASKATOON Saskatchewan
CALGARY Alberta
EDMONTON Alberta
VANCOUVER British Columbia
DIVISIONS
Manitoba Rolling Mills, Selkirk, Manitoba
Manitoba Bridge & Engineering Works, Winnipeg, Manitoba
Robb Engineering, Amherst, Nova Scotia
Steel Service Centres
Industrial Products Division, Montreal, Quebec
Buildings Division
SUBSIDIARY COMPANIES IN CANADA
Eastern Canada Steel & Iron Works, Quebec, Quebec
National Products Limited, Winnipeg, Manitoba
SPAN HOLDINGS LIMITED, Nassau, Bahamas
SPAN INTERNATIONAL LIMITED, Nassau, Bahamas
Span International (Bermuda) Limited
Span Enterprises Limited Nassau, Bahamas
Span International (Belgium) S.A./N.V.
Cavalier Construction Company Limited
Bahamas Gunite Limited
Bahamas Millworks Limited


DOMINION BRIDGE IN CANADA
AMCA INTERNATIONAL CORPORATION
SPAN HOLDINGS LIMITED
CANADA
AMHERST
HALIFAX
QUEBEC
THOMPSON
MONTREAL
HANOVER
EDMONTON
SAULT STE. MARIE
HOLBROOK
TORONTO
SASKATOON
SELKIRK
CALGARY
WINNIPEG
NIAGARA FALLS
NANAIMO
REGINA
DULUTH
VANCOUVER
PORT DEPOSIT
EVANSVILLE
UNITED STATES
WINSTON-SALEM
MEMPHIS
TURLOCK
PINE BLUFF
BAHAMA ISLANDS
NASSAU

PRINTED IN CANADA

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Dominion Bridge Company, Limited

SUMMARY OF UNAUDITED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 1973

TO THE SHAREHOLDERS

Earnings for the six-month period ended June 30, 1973 were $4,660,000 or $1.77 per share, an increase of almost 60% over the $2,935,000 or $1.12 per share reported for the same period in 1972 which was exclusive of an extraordinary item of $360,000, or 14 cents per share.

Gross revenues for the period were $96,930,000 compared with the $83,770,000 reported last year.

Total business booked during the six months improved by about 55% over the same period last year. The dollar backlog of orders on hand to be closed in 1973 and subsequent years has risen during the period and is now $200,000,000.

With the improvement in the Canadian economy the Canadian operations have increased their activity and the results are very much better than last year. In spite of the shortages of steel supply and increasing difficulty in hiring skilled labour, we expect the improvement to continue throughout the remainder of 1973. The tight steel supply situation throughout the world continues to cause problems. Deliveries of steel from all sources have continued to lengthen and in some cases suppliers are virtually sold out for the remainder of the year.

In the United States our operations continue at a high rate of activity and are returning very satisfactory earnings. The new acquisitions reported recently — Clyde Iron Works Inc., Wiley Manufacturing Company, and Priggen Steel Buildings Company Inc. — are expected to have a beneficial effect on the 1973 results as their earnings will be available from July 1st to the year-end.

In the Bahamas, the Span Group of companies are expected to operate in a satisfactory manner for the remainder of the year.

At a meeting of the Board of Directors held on July 24 a quarterly dividend of 35 cents per share was declared, payable September 28, 1973 to shareholders of record on September 7, 1973.

July 27, 1973

MacKenzie McMurray

MacKENZIE McMURRAY
Chairman & President

SUMMARY OF UNAUDITED CONSOLIDATED RESULTS

for the six months ended June 30, 1973
($000's omitted)

	1973	1972
Sales	**$96,930**	$83,770
Earnings from operations before charging the under-noted items	**9,770**	6,205
Depreciation	**2,050**	1,995
Interest on Long Term Debt	**335**	315
Minority Interest	**40**	(25)
	7,345	3,920
Revenue from Investments and profit on sale of Marketable Securities	**1,025**	750
Earnings before Income Taxes and Extraordinary Item	**8,370**	4,670
Income Taxes	**3,710**	1,735
Earnings before Extraordinary Item	**4,660**	2,935
Profit on Sale of Property no longer required	**—**	360
Earnings for the period	**4,660**	3,295
Earnings per share before Extraordinary Item	**$ 1.77**	$ 1.12
Earnings per share	**$ 1.77**	$ 1.26

NOTE:
Any projection of year end results based on interim reports may be misleading because of year end adjustments and because the dates of completion of contracts may affect the earnings of any period.

AUX ACTIONNAIRES

Les bénéfices pour la période de six mois qui s'est terminée le 30 juin 1973 ont été de $4,660,000, soit $1.77 par action, une augmentation de presque 60% sur les bénéfices de la même période en 1972 qui se chiffraient à $2,935,000, soit $1.12 par action, exclusifs d'un revenu exceptionnel de $360,000, ou 14¢ par action. Le revenu brut pour le semestre a été de $96,930,000 au regard de $83,770,000 l'année précédente.

La valeur des commandes enregistrées au cours de cette période de six mois a dépassé d'environ 55% celle de la période équivalente l'an passé. La valeur des commandes en réserve qui doivent être terminées en 1973, et par après, a augmenté durant le semestre et se chiffre maintenant à $200,000,000.

En raison de l'amélioration de l'économie au Canada nos usines canadiennes ont bénéficié d'une hausse d'activité et les résultats sont de beaucoup supérieurs à ceux de l'an passé. Malgré le manque d'acier de sources primaires et en dépit des difficultés à obtenir la main-d'œuvre spécialisée, nous croyons que cette amélioration se maintiendra pour le reste de 1973. Le manque d'acier dans le monde entier continue à causer des problèmes. Les livraisons d'acier, quelle qu'en soit leur provenance, sont retardées de plus en plus et, dans certains cas, des fournisseurs ont pratiquement vendu toute leur production de 1973.

Nos opérations aux États-Unis continuent de se maintenir à un très bon niveau et produisent des bénéfices très satisfaisants. Les nouvelles acquisitions récemment rapportées, soit de Clyde Iron Works Inc., Wiley Manufacturing Company et Priggen Steel Buildings Company Inc., devraient ajouter aux bénéfices de 1973 car leurs profits seront disponibles du 1er juillet jusqu'à la fin de l'année.

Dans les Bahamas, on s'attend à ce que le groupe de compagnies Span maintienne ses activités d'une façon satisfaisante pour le reste de l'année.

À une assemblée du conseil d'administration tenue le 24 juillet un dividende trimestriel de 35¢ par action a été déclaré, payable le 28 septembre 1973 aux actionnaires inscrits le 7 septembre 1973.

le 27 juillet 1973

Le président du Conseil
et président,
MacKENZIE McMURRAY

MacKenzie McMurray

SOMMAIRE DES RÉSULTATS CONSOLIDÉS NON VÉRIFIÉS

pour la période
de six mois terminée le 30 juin 1973
(en milliers de dollars)

	1973	1972
Ventes	**$96,930**	$83,770
Bénéfices d'exploitation avant imputation des postes suivants	**9,770**	6,205
Amortissement	**2,050**	1,995
Intérêts sur dette à long terme	**335**	315
Intérêts minoritaires . .	**40**	(25)
	7,345	3,920
Revenu d'investissements et profit sur la réalisation de titres négociables . .	**1,025**	750
Bénéfices avant les impôts et le revenu exceptionnel	**8,370**	4,670
Impôts	**3,710**	1,735
Bénéfices avant le revenu exceptionnel	**4,660**	2,935
Profits sur la vente d'une propriété devenue inutile	**—**	360
Bénéfices pour le semestre	**4,660**	3,295
Bénéfice par action avant le revenu exceptionnel .	**$ 1.77**	$ 1.12
Bénéfice par action . . .	**$ 1.77**	$ 1.26

NOTE:
À cause des ajustements qui se font à la fin de l'exercice, et du fait que les dates d'achèvement de contrats peuvent affecter les bénéfices d'une période quelconque, toute prédiction des bénéfices pour la fin de l'exercice, basée sur des rapports intérimaires, risque d'induire en erreur.

Dominion Bridge Company, Limited

SOMMAIRE DES RÉSULTATS CONSOLIDÉS NON VÉRIFIÉS POUR LA PÉRIODE DE SIX MOIS TERMINÉE LE 30 JUIN 1973